

Message Text

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AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: BPRO, AG

SUBJECT: EXIM GUARANTEE FOR SALE OF REMOTE HOUSING UNITS TO
SOCIETE NATIONALE D'ETUDES ET DE REALISATIONS DE
L'INFRASTRUCTURE FERROVIAIRE (SNERIF)

REF: STATE 282869

1. EMBASSY COMMERCIAL OFFICER DISCUSSED SUBJECT REQUEST WITH SENIOR OFFICER OF SOCIETE D'INFRASTRUCTURE FERROVIAIRE (CIF. (FOR EXPLANATION OF CIF RELATIONSHIP TO SNERIF SEE PARA 3 BELOW.) FOLLOWING INFORMATION OBTAINED FROM HIM.
2. PROJECT INVOLVED IS EXTENSION OF RAIL LINE FROM TOUGGOURT (CURRENT TERMINUS) TO OUARGLA TO GHARDAIA, WITH A SPUR TO HASSI MESSAOUD. PROJECT INTENDED TAKE APPROXIMATELY THREE OR FOUR YEARS. LINE WILL BE STANDARD GAUGE. DELIVERIES OF HOUSING UNITS PROGRAMMED FOR FIRST SIX MONTHS 1977. IF PROJECT STRETCHED OUT, AS IS ALWAYS POSSIBLE IN ALGERIA, THEN DELIVERIES ALSO COULD BE STRETCHED OUT. EMBASSY IN NO POSITION QUESTION CONTRACTOR'S JUDGEMENT THAT 550 UNITS NEEDED, ALTHOUGH QUESTION WAS POSED. ANSWER WAS THAT THIS NUMBER WAS CAREFULLY ARRIVED AT AND NOT EXCESSIVE.

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3. BACKGROUND. THIS IS AN INTERESTING ARRANGEMENT.

SNERIF IS PHANTOM COMPANY, FORMED WHEN GOA MINISTRY OF TRANSPORTATION DISCOVERED THAT IT COULD NOT LEGALLY BE PARTY TO JOINT VENTURE. AT THAT TIME JOINT VENTURE HAD BEEN AGREED TO WITH BRAZILIAN CONSTRUCTION COMPANY, MENDES JUNIOR INTERNATIONAL, TO DO ALL OR MOST FUTURE RAIL CONSTRUCTION IN ALGERIA. SO SNERIF WAS FORMED, WHOLLY OWNED BY GOA, WITH ENTIRE CAPITALIZATION COMING FROM MINISTRY OF TRANSPORTATION. SNERIF THEN BECAME THE 51 PERCENT PARTNER, WITH MENDES 49 PERCENT, IN JOINT VENTURE COMPANY, SOCIETE D'INFRASTRUCTURE FERROVIAIRE (CIF). DIRECTOR GENERAL OF CIF IS AN ALGERIAN, NAMED OUSLIM, THOUGH ACTUAL CONTROL OF OPERATIONS IS IN HANDS DEPUTY DIRECTOR GENERAL, CELSO LUZ GUSMAN, WHO ALSO IS REGIONAL DIRECTOR OF MENDES. MENDES ALSO WORKING IN CONJUNCTION WITH BRAZILIAN ENGINEERING FIRM, TRANSCON (PHONETIC), WHICH HAS JUST ABOUT COMPLETED DESIGN AND ENGINEERING FOR PROPOSED LINE. APPARENTLY MENDES AND TRANSCON ALSO HAVE WORKED OR ARE WORKING TO GETHER ON RAIL PROJECT IN MAURITANIA FOR WHICH PORT-A-CAMPS WERE USED SATISFACTORILY, WHICH EXPLAINS THEIR INTEREST IN PORT-A-CAMPS FOR THIS PROJECT.

4. THOUGH PURCHASER OF RECORD IS SNERIF (THUS BEING BACKED BY FULL WEIGHT OF ALGERIAN GOVERNMENT), ALL EQUIPMENT WILL BE TURNED OVER IMMEDIATELY TO CIF UPON ARRIVAL.

4. EMBASSY SEES NO RPT NO POLITICAL OR OTHER REASON WHY EXIMBANK SHOULD NOT CONSIDER THIS REQUEST.

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